
Don't look for another boom year for life/annuity stocks: A.M. Best

By Editorial Staff *Thu, May 29, 2014*

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After a 62% gain in 2013, the prices of U.S. life/annuity stocks fell three percent in the first quarter of 2014, according to the latest issue of *Best's Journal*, the bi-weekly publication from A.M. Best. "Further underperformance is expected as stocks are trading at historically high valuations," the ratings agency said in a release.

Investors continue to be bullish on U.S. health insurance stocks, with results up 3.5% in the first quarter of 2014, the release said. Cash management activity remains strong, however.

The life/health insurance segment returned \$3.6 billion to investors through share repurchases and dividends in the first quarter. Health insurers repurchased almost USD \$3.4 billion worth of shares, an increase of nearly 133% over the same period of 2013.

Other highlights in this issue of *Best's Journal* include as follows:

- U.S. life/health industry continues to tread water in a benign economy: The current low interest rate environment has significantly curtailed near-term growth opportunities for the U.S. life/health insurance industry, according to a *Best's Special Report*.
- U.S. health exchange enrollment results may lead to higher utilization: This *Best's Special Report* takes a look at the first Affordable Care Act open enrollment numbers and what they may mean for insurance companies.
- Sustainable profitability is key for healthy capitalization of China's non-life insurers: This *Best's Special Report* looks at China's new solvency framework and A.M. Best's view of its impact on non-life insurers.